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LAWRENCE V. ROBERTSON, JR. ATTORNEY AT LAW

3878

P. O. Box 1448 Tubac, Arizona 85646

OF COUNSEL TO MUNGER CHADWICK, P.L.C.

(520) 398-0411 Fax: (520) 398-0412 Email: Tubaclawyer@aol.com ADMITTED TO PRACTICE IN: ARIZONA, COLORADO, MONTANA, NEVADA, TEXAS, WYOMING, DISTRICT OF COLUMBIA

April 25, 2008

Docket Control Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007 Arizona Corporation Commission

DOCKETED

APR 29 2008

DOCKETED BY

Re: Sahuarita Water Company, L.L.C. – Application for Extension of its Certificate of Convenience and Necessity ("CC&N")

Docket No. W-03718A-07-0687

To Whom It May Concern:

Enclosed for filing in the above-referenced docket are fourteen (14) copies of Sahuarita Water Company, L.L.C.'s Response to the ACC Staff's April 9, 2008 Insufficiency Letter #2 ("Response"). The original is being mailed to Vicki Wallace.

Also enclosed are two (2) additional copies of the aforesaid Response. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance. Please advise me if you have any questions.

Angela R. Trujillo

Secretary

Lawrence V. Robertson, Jr

A TO THE VIEW

LAWRENCE V. ROBERTSON, JR. ATTORNEY AT LAW RECEIVED

P. O. Box 1448 Tubac, Arizona 85646

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OF COUNSEL TO MUNGER CHADWICK, P.LC. (520) 398-0411 FAX: (520) 398-0412 EMAIL: TUBACLAWYER@AOL.COM

ADMITTED TO PRACTICE IN:

CASP CONTINUENT NEVADA, TEXAS, WYOMING,

OCCUPANT OBSTRICT OF COLUMBIA

April 25, 2008

Vicki Wallace Chief, Consumer Services & Special Projects Arizona Corporation Commission 1200 West Washington Phoenix, Arizona 85007

Re: Sahuarita Water Company, L.L.C. – Application for Extension of its Certificate of Convenience and Necessity ("CC&N") Docket No. W-03718A-07-0687

INSUFFICIENCY LETTER #2

Dear Ms. Wallace:

This letter and the enclosed documents are in response to your April 9, 2008 Insufficiency Letter #2 regarding the above-referenced matter. I will respond to each of the three (3) requests set forth in your letter in the same sequence in which they appear.

With reference to Item #1, Sahuarita Water Company will file an Amended Application in the above-referenced docket within the next 10-14 days which is responsive to this request.

With reference to Item #2, attached as Appendix "A" is a copy of the October 2, 2007 Public Utility License Agreement between Pima County and Sahuarita Water Company which pertains to the water company's use of public rights-of-way within unincorporated areas of Pima County. Attached as Appendix "B" is a copy of a April 1, 2008 Consent to Assignment of Pima County Public Utility License Agreement, wherein Pima County has consented to the assignment of the aforesaid license agreement from Rancho Sahuarita Water Company, L.L.C. to Sahuarita Water Company, L.L.C. The Town of Sahuarita does not issue franchises. Rather, its authorization for utility occupancy of public rights-of-way within the municipal boundaries is embodied within individual permits which are job-specific to the installation of facilities in question. In that regard, with the exception of that water service which is proposed to be provided to Sahuarita Unified School District's ("SUSD") facilities within the Town of Sahuarita, all further extensions of the water company's facilities under the proposed CC&N extension would occur within unincorporated areas of Pima County; and, if the provision of

Ms. Vicky Wallace April 25, 2008 Page 2 of 2

water service to SUSD's aforesaid facilities did entail any use of the public rights-of-way, a permit authorizing the same would be obtained from the Town of Sahuarita.

With reference to Item #3, it is currently anticipated that construction of the company's water system facilities in the proposed CC&N extension area will begin in 2010. With the exception of the filing of the Amended Application, I believe that this letter and the attached documents are responsive to your April 9, 2008 Insufficiency Letter #2.

Thank you for your assistance. Please let me know if you have any questions.

Sincerely,

Lawrence V. Robertson, Jr.

CC: Docket Control
Del Smith
Dorothy Hains

Dorothy Hains Barbara Wells Lyn Farmer Robin Mitchell

Appendix "A"

SAHUARITA WATER COMPANY, L.L.C. DOCKET NO. W-03718A-07-0687

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P. 2

F. ANN RODRIGUEZ, RECORDER RECORDED BY: C V

DEPUTY RECORDER

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PCREA

PIMA CO REAL PROPERTY SERVICES

PICK UP ATTN LISA

DOCKET: 13161 PAGE: 153 NO. OF PAGES:

SEQUENCE : 20072000057

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PIMA COUNTY PUBLIC UTILITY LICENSE AGREEMENT

WHEREAS, this License Agreement is entered into between Pima County, a political subdivision of the State of Arizona (hereinafter "County"), and Rancho Sahuarita Water Company, LLC, fka Interchange Water Company, Inc. (hereinafter "Licensee"); and

WHEREAS, Licensee has applied and petitioned to the Board of Supervisors of the County for the right and privilege to construct, install, maintain, and operate Licensee's facilities within the public rights-of-way within Pima County and outside the confines of any incorporated city or town as required by A.R.S. § 40-283; and

WHEREAS, notice of the County's intent to enter into this agreement has been duly given as required by law; and

WHEREAS, said application came before the Board of Supervisors of the County of Pima, State of Arizona, and no petition to the Board of Supervisors to deny such privilege was filed or presented to the Board; and

WHEREAS, it being determined by the Board of Supervisors that the granting of this License is authorized by law and in the best interests of Pima County and the inhabitants thereof:

THEREFORE, the County and Licensee agree to the following:

Section 1. Grant of Licensee is hereby authorized and empowered, on a nonexclusive basis, to use all County public rights-of-way now existing or hereafter established and lying within the unincorporated areas of Pima County, under the terms and conditions set forth herein, for the purpose of installing, repairing, replacing, and maintaining its facilities.

Section 2. Term. This License is granted for a term of fifteen (15) years from the date this License is approved by the Board of Supervisors and extinguishes, supersedes and replaces all preceding franchises or licenses granted to Licensee by County.

Section 3. Regulation of County Rights-of-Way. All rights hereunder are granted under the express condition that County shall have the power at any time to impose restrictions and limitations, and to make regulations as to Licensee's use of the County's rights-of-way as may be deemed best for the public interests, safety or welfare.

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<u>Section 4. Superior Rights.</u> The rights of County in and to the use of all public rights-of-way located within the unincorporated areas of Pima County are and forever shall be paramount and superior to the rights of Licensee.

Section 5. Alteration of Public Rights-of-Way. Nothing in this License shall be construed to prevent County from, altering, improving, adjusting, repairing, or maintaining its facilities and public rights-of-way and for that purpose to require Licensee to adjust, remove, replace or relocate Licensee's facilities to accommodate or facilitate the County's use of its facilities or rights-of-way. Facilities of Licensee shall mean any physical object or improvement owned, possessed, made, installed, constructed or maintained by Licensee or made, installed or constructed by County or others at the request of Licensee. Facilities of County shall mean any physical object or improvement owned, possessed, made, installed, maintained or constructed by County or others at the request of County, including all paving, highway, transportation, flood control and wastewater facilities located within County rights-of-way.

Section 6. Non-Exclusive Use. Nothing in this agreement shall be construed to grant Licensee an exclusive right to use the public rights-of-way. Licensee's facilities shall be erected, adjusted, installed, replaced, removed, relocated and maintained in a manner that will not interfere with the reasonable use of the public rights-of-way by the public, the County, or any other franchisee or licensee. The location of Licensee's facilities in the public rights-of-way shall not create or establish a vested interest in the rights-of-way and its facilities shall be removed or relocated by Licensee whenever County determines that Licensee's facilities impact, restrict, obstruct or hinder the County or the public's existing or future use of the rights-of-way or the County's operation or location of County facilities.

Section 7. Relocation. Licensee shall be solely responsible for the design, adjustment, removal or relocation, temporarily or permanently, of all Licensee's facilities that impact, conflict or interfere with the County's use of its rights-of-way or the County's improvement, relocation or adjustment of any facilities located in County rights-of-way. The cost of designing, adjusting, removing, relocating or replacing Licensee's facilities shall be Licensee's sole responsibility. unless Licensee has established prior rights with the County for the facilities to be affected. Prior to beginning any activity in the County rights-of-way, Licensee shall obtain all required permits from the County and any other applicable jurisdiction for the activity. The Licensee's facilities shall be adjusted, removed, replaced or relocated by Licensee in accordance with an activity schedule determined by County and provided to Licensee within a reasonable period of time prior to the scheduled activity start date. If the schedule is unacceptable to the Licensee or Licensee finds it necessary to plead financial hardship regarding the cost of relocating its facilities, the Licensee may appeal to the Board of Supervisors. If Licensee's facilities are not adjusted, removed, replaced or relocated within the time period allotted by the County's activity schedule, County may, at its discretion, adjust or relocate Licensee's facilities. Licensee hereby agrees to be liable for all costs incurred by County for the adjustment or relocation of Licensee's facilities necessitated by County's activities, including overhead and maintenance costs and an administrative surcharge in the amount of fifteen (15) percent of the total cost attributed to the adjustment or relocation of Licensee's facilities. In the event County incurs such costs, County shall submit a bill to Licensee for the incurred costs, and Licensee shall pay County the invoiced amount within ninety (90) calendar days of receipt of the invoice. If the invoice is not timely

paid by Licensee, all rights granted to Licensee under this agreement shall be suspended and no permits will be issued to Licensee for any work within the County rights-of-way until the invoiced costs are paid in full to County.

Section 8. Undergrounding. The parties acknowledge that County has the authority to require Licensee to underground its above ground facilities in County rights-of-way when the County determines that undergrounding of Licensee's facilities is necessary to conform to existing County Ordinances or is in the public interest. The County may require Licensee to conduct a study of the cost of undergrounding any portion or segment of Licensee's facilities located in the County rights-of-way. The study shall set forth an estimate of the costs of undergrounding Licensee's facilities including a breakdown of the cost allocated to labor, material, design and construction for converting above ground facilities to underground facilities. The Licensee shall submit a cost study for any specified segment of Licensee's facilities within ninety (90) calendar days after receiving written notice from County requesting the cost study. The cost of preparing and providing any cost study requested by County shall be borne by the Licensee.

<u>Section 9. Scenic Routes.</u> The installation of Licensee's facilities within any public rights-of-way designated by the Board of Supervisors as a scenic route must be constructed in accordance with the County's Scenic Routes Ordinance.

Section 10. Performance of Work. The work required by Licensee to design, construct, reconstruct, pothole for design, adjust, relocate, replace or repair Licensee's facilities shall be Licensee's sole responsibility. The cost of any delays to County projects caused by Licensee's failure to complete its work in accordance with the County's activity schedule shall be the Licensee's sole responsibility. In the event County incurs such costs, County shall submit a bill to Licensee for the incurred costs and Licensee shall pay County the invoiced amount within ninety (90) calendar days of receipt of the invoice. If the invoice is not timely paid by Licensee, all rights granted to Licensee under this agreement shall be suspended and no permits will be issued to Licensee for any work within the County rights-of-way until the invoiced costs are paid in full to County.

Section 11. Location of Facilities. As a condition of this License, Licensee hereby agrees to have and maintain precise, up-to-date maps of Licensee's facilities located in County rights-of-way and to make this information available to County within fifteen (15) calendar days of receiving a written request from the County. Beginning on the effective date of this Agreement, Licensee shall maintain precise and verifiable horizontal and vertical location information tied to an accepted County datum and provide such information to the County within fifteen (15) calendar days of receiving written notice from County. As a condition of the issuance of this Licensee, Licensee agrees to provide surface location marking of Licensee's undergrounded facilities located within the public rights-of-way within two working days of a request from the County. In the event the Licensee is unable to provide the location information to County within the allotted time frame, County may, at its discretion, locate Licensee's facilities and Licensee shall be liable for the cost incurred in locating Licensee's facilities.

Section 12. Work in Rights-of-Way.

- 12.1. Damage to other facilities. In the construction, adjustment, removal, relocation, repair, operation and maintenance of its facilities, Licensee shall avoid causing or permitting any damage, disturbance or unnecessary modification or alteration to County facilities including pavement, or the facilities of others, located in the County rights-of-way. If Licensee causes or permits any such damage, disturbance or unnecessary alteration or modification, Licensee, at its sole expense and in a manner approved by the County Engineer, shall restore the damaged, disturbed, altered, or modified facilities to the condition in which they existed before being damaged, disturbed, modified, or altered. Licensee shall also be liable to owners of said facilities for any other losses or expenses which may accrue because of said damage, disturbance, modification or alteration. The restoration of facilities shall be initiated promptly and completed expeditiously by Licensee, who shall give priority to the restoration, repair or replacement of such facilities over all non-emergency activities of Licensee.
- 12.2. Damage to vegetation. In the construction, adjustment, removal, relocation, repair, operation and maintenance of its facilities, Licensee shall use all necessary care to avoid any damage to or disturbance of existing vegetation in the public rights-of-way. If Licensee causes or permits any such damage or disturbance, Licensee shall re-vegetate the rights-of-way at its sole expense and in accordance with all County regulations then in effect.
- 12.3. Adjacent properties. Licensee shall provide prior written notice to the owners or residents of adjoining properties of any activity of Licensee which may temporarily interfere with access to or use of said adjoining property. Licensee shall maintain access to adjoining properties during all construction activities or other operations, unless the requirement of access is waived in writing by the owners and residents of adjoining properties. If an emergency requires activity without written notice, Licensee shall use its best efforts to provide timely actual notice to the owners and residents of the adjoining properties.

Section 13. Design and Location of Facilities.

- 13.1. Licensee shall use reasonable care at all times to avoid damage or injury to persons and property during the construction, adjustment, removal, relocation, repair, operation and maintenance of Licensee's facilities.
- 13.2. The location and construction of Licensee's facilities in public rights-of-way shall conform to County standards and guidelines then in effect and as may be directed by County, in order not to interfere with a planned future use of the public rights-of-way by the County.
- 13.3. Licensee's facilities shall be located in a manner designed to cause the least amount of interference with the public's existing or future use of roads, streets, alleys and other public rights-of-way and in such a way as will minimize interference with the rights and convenience of adjacent property owners.
- 13.4. County may require Licensee to remove, relocate or underground, at Licensee's sole expense, any of Licensee's facilities that present a potential hazard to the public, that

interfere with the public's use of the public rights-of-way, or are determined by County to be aesthetically undesirable.

- 13.5. Licensee shall be responsible for notifying owners or residents of adjoining properties in writing about permanent or temporary above or below ground facilities to be constructed in the County rights-of-way. Licensee shall make every reasonable effort to resolve the concerns of property owners and residents regarding the construction of Licensee's facilities. Should the County determine that Licensee failed to reasonably evaluate all options available to alleviate residents concerns, County may require the Licensee to relocate its facilities at Licensee's sole expense.
- 13.6. Licensee shall be responsible for the cost to excavate in a "careful and prudent manner" Licensee's underground facilities pursuant to A.R.S. § 40-360.21 and § 40-360.22A on all County construction projects occurring within County rights-of-way.
- Section 14. Construction Safety. Any opening or obstruction in the public rights-of-way caused by Licensee during the course of Licensee's activities in the rights-of-way shall be guarded and protected at all times by safety barriers erected by Licensee which shall be clearly designated by warning lights during periods of dusk and darkness. Any work performed by Licensee in or adjacent to a public roadway open for travel shall be properly signed and marked by Licensee with warning and directional devices in accordance with all applicable state and local traffic regulations and in accordance with the Arizona Department of Transportation's Traffic Control Manual for Highway Construction and Maintenance.
- Section 15. Drainage. During construction or excavation in the public rights-of-way, Licensee shall provide proper drainage so that the public rights-of-way will be free from standing surface water and adequately drained so as not to cause flood or erosion damage to the facilities of the County or surrounding property. Licensee may be required, at the request of the County, to submit drainage engineering data and design plans to the County for review and approval prior to the issuance of any Right-of-Way Use Permit by County.
- Section 16. Issuance of Permit not County Approval. County's review, approval or acceptance of plans or specifications or issuance of a permit for the installation, construction or location of a facility by Licensee shall not be construed to be an authorization for or approval of a violation of any federal, state or local law or regulation, or any industry standard, pertaining to the location or construction of a utility facility in public rights-of-way. No permit or approval presuming to give such authority shall be valid or otherwise relieve Licensee of its obligations under this License regarding the location and construction of facilities.
- Section 17. County Inspection. County, if it deems necessary, has the right to inspect any work by Licensee in the public rights-of-way to insure proper performance of the terms of this License and conformance with any applicable federal, state and local laws, ordinances and regulations. County may require Licensee to pay a reasonable and uniform fee to cover the actual costs of inspections performed by County or its contractor under this provision. County may, at its discretion, pothole Licensee's facilities to verify conformance with Section 11. Location of Facilities of this Licensee. Licensee shall be liable for the cost of potholing and an

administrative surcharge in the amount of fifteen (15) percent of the total cost of potholing should Licensee's facilities be out of conformance. Licensee shall be responsible for taking corrective action to bring as-builts into conformance with verified facilities.

<u>Section 18. Abandonment of Facilities.</u> Abandonment in place, of any of Licensee's facilities located within the County rights-of-way may only occur by acquiring written approval from the County.

Section 19. Liability and Indemnity. Licensee acknowledges its sole liability for its facilities installed in the public rights-of-way and for any activities it performs within the public rights-of-way. Licensee agrees to indemnify, hold harmless, and defend the County, its officials, agents, servants, and employees against all claims for injuries to persons or damage to property arising out of Licensee's work in the public rights-of-way or due to the existence of Licensee's facilities in the public rights-of-way, or in any way related to Licensee's exercise of its rights under this License. Neither the issuance of a County permit for installation or location of a facility, nor County approval of the activity, installation or location, nor the failure of the County to direct Licensee to take any precautions or make any changes or to refrain from doing anything shall excuse Licensee of its responsibilities hereunder to County or others in the case of any injury to persons or damage to property. If County is sued in any court by any person, firm, association or corporation to recover damages for injuries to person or property on account of the installation, repairing, operation and maintenance of facilities of Licensee, Licensee shall defend all such suits and pay any resulting judgments and shall, at the option of County, be made a party to any such court proceeding.

Section 20. County Participation in Legal Actions. The County shall have the right at all times to take part in any suit or action instituted by or against Licensee in which any judgment or decree can be rendered or foreclosing any lien on any of Licensee's property situated within public rights-of-way, or affecting the rights, powers or duties of Licensee to do or not to do anything which by this License it may be required to do or not to do, and also to take such steps as the County may deem essential to protect the interests of County or the public interest. County shall have the right to intervene in any suit, action, or proceeding by any person or persons, firm or corporation seeking to enjoin, restrain, or in any manner interfere with Licensee in the performance or observance by it of any of the terms or conditions of this License, or any regulation, notice or direction of County in such connection, or which involves or might involve the constitutionality, validity or enforcement of this License. County may also move for dissolution of any such injunction or restraining order or take any other appropriate step, in any such suit, action or proceeding which it may deem necessary or advisable to protect its interests.

Section 21. Compliance with License Conditions and Ordinances. Licensee agrees to conform to, abide by, and perform all the conditions, provisions, requirements, and limitations in this Licensee Agreement. Licensee shall be subject to all County ordinances now in force or hereafter adopted, including all ordinances relating to the use of public rights-of-way by utilities. Licensee agrees that it will not assert any claim against the County that the provisions of this License or any applicable County ordinance or regulation in force at the time of execution of this License are unreasonable, arbitrary or void.

Section 22. Non-Exclusive License. This License and the privileges granted herein shall not be exclusive. The Board of Supervisors expressly reserves the right to grant, at any time, similar franchises, licenses and privileges over the same highways, roads, streets, alleys, and thoroughfares, or any thereof, to any other persons, firms or corporations.

Section 23. Assignment. Licensee hereby agrees that this License shall not be sold, assigned or transferred without the prior written approval of the Pima County Board of Supervisors, which approval shall not be unreasonably withheld. The decision to approve or deny the sale, assignment or transfer of this License shall be within the sole discretion of the Board of Supervisors and the Board may deny Licensee's request to sell, assign or transfer the License if such denial is in the best interests of the County. Licensee further agrees that none of Licensee's facilities in the County rights-of-way shall be sold, assigned, or transferred without prior written notice thereof to County pursuant to Section 24 below."

Section 24. County's Contact Information. All notices or contact concerning this License shall be provided in writing to:

Pima County Real Property Services 201 North Stone, 6th Floor Tucson, Arizona 85701 (520) 740-6313

Section 25. Licensee's Contact Information. Any change in any of the Licensee's contact information below shall be made in writing to the County.

Name:	····	
Title:		
Address:		
Phone:		

LICENSEE:

Title: MANAGINY PARTNER, PRINCHO SAHLARITA WATER CO.

State of Arizona

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County of Pima

This instrument was acknowledged before me this 4 day of August by Robert Sharpe, as Reing Mainten Report Sharpe

My Commission Expires:



Offician Seal NOTARY PUBLIC STATE OF ARIZONA County of Pima CYNTHIA GAUNTT ; Express November 29, 2

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PIMA COUNTY_ARIZONA

Chairman, Pima County Board of Supervisors

Date: 0CT 0.2 2007

ATTEST:

Clerk, Pima County Board of Supervisors

Approved as to form:

Deputy County Attorney

Appendix "B"

SAHUARITA WATER COMPANY, L.L.C. DOCKET NO. W-03718A-07-0687

F. ANN RODRIGUEZ, RECORDER

RECORDED BY: LLW

DEPUTY RECORDER

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PIMA CO REAL PROPERTY SERVICES

PICK UP ATTN LISA



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PAGE: 1520
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AMOUNT PAID \$ 0.00

CONSENT TO ASSIGNMENT OF PIMA COUNTY PUBLIC UTILITY LICENSE AGREEMENT

WHEREAS, the Board of Supervisors of Pima County, a political subdivision of the State of Arizona, granted to Rancho Sahuarita Water Company, LLC, an Arizona Limited Liability Company ("Licensee"), that certain Pima County Utility License Agreement (the "License"), recorded in Docket 13161, at Page 153, on October 16, 2007, in the Office of the Pima County Recorder; and

WHEREAS, Section 23 of the License provides for transfer and assignment of the License by Licensee, with the prior written consent of the Pima County Board of Supervisors; and

WHEREAS, the Licensee under the License has formally changed the name of its Limited Liability Company with the Arizona Corporation Commission, from Rancho Sahuarita Water Company, LLC, to Sahuarita Water Company, LLC; and

WHEREAS, the Licensee would like all pertinent County records to reflect the name change of the Licensee to Sahuarita Water Company, LLC; and

WHEREAS, the Pima County Board of Supervisors has no objection to the transfer of the License to Sahuarita Water Company, LLC.

NOW, THEREFORE, the parties agree as follows:

- 1. Pursuant to Section 23 of the License, the Pima County Board of Supervisors does hereby consent to the assignment of the License to Sahuarita Water Company, LLC, subject to all of the terms and conditions contained in the License, as recorded.
- 2. Sahuarita Water Company, LLC, an Arizona Limited Liability Company, hereby assumes all obligations and liabilities under the License, and shall be bound by all the terms thereof, effective upon execution of this Consent by the Pima County Board of Supervisors

SAHUARITA WATER COMPANY, LLC, An Arizona Limited Liability Company

By: Sharpe & Associates, Inc., an Arizona Corporation, Managing Partner of Sahuarita Water Company, ILC Robert Sharpe, President	2-29-08 Date
This instrument was acknowledged before me thi Sharpe, President, Sharpe & Associates, Inc.	s 29_ of February, 2008, by Robert
	Notary Public
My Commission Expires:	give the second of the second
9/23/08	STATE OF ARIZONA County of Pima CAROL K. HAYNES My Appointment Expires 03-23-08
APPROVED:	
Chairman, Pima County Board of Supervisors	APR 0 1 2008 Date
ATTEST:	APR 0 1 2008
Clerk of the Board of Supervisors	Date
APPROVED AS TO FORM:	
Deputy County Attorney	02.06 · 08 Date